Purchase Orders

**Purpose:** The intent of the following policy is to ensure that CDS Managers have knowledge of the Purchase Order procedures to ensure the continuity of operations, and that emergency expenses are covered and to ensure that costs are reasonable, allocable and adequately documented

**Policy:** All purchase orders are to be issued for program use through the Fiscal Department within CDS and fall under one of three categories: Routine, Open, and Emergency.

 To be allowable costs must be reasonable, allocable, and adequately documented:

* A cost is reasonable if it does not exceed what a prudent person would incur under similar circumstances.
* A cost is allocable to the extent the goods or services benefited the program.
* A cost is adequately documented if it is supported by accounting records and source documentation such as purchase orders, vouchers, invoices, payroll allocation reports, payroll summaries, timesheets, etc. (See 45 C.F.R., pts 74 and 94, ss. 21 and 22; and OMB Circulars A-87 and A-122, Attachment B., ss. C and A respectively).

**Procedure and/or Process:**

Purchase order procurement procedures for each category are detailed below.

# Routine Purchase Orders

Employee prepares purchase order requisition, filling in all applicable information: *Instructions to Fiscal Department; Vendor; Date of Order; Date and Time Needed; Special Instructions (if any); Program (****identify items according to program for which they are being purchased);*** *Item #; Description, Quantity, Unit Price, Discounts (if any); Shipping (if known).* A separate purchase order requisition is required for each program order.

The purchase order requisition is then forwarded to the appropriate supervisor for signature who, upon approval, forwards to the fiscal department for the signature/approval of the Comptroller, who assures that the purchase order requisition is in compliance with the Grant/Budget and then holds them for the review of the Chief Executive Officer and/or Chief Operations Officer. Purchase order requisitions are reviewed each Tuesday if not before, by the Chief Executive Officer and/or Chief Operations Officer. Upon approval of the Chief Executive Officer and/or Chief Operations Officer, purchase order requisitions are returned to the fiscal department for purchase order preparation and distribution to appropriate programs.

# Open Purchase Orders

The fiscal department will initiate a purchase order requisition the last week of each month for the upcoming month for each 24-hour residential facility. These facilities will then be issued one purchase order for the current month at the designated grocery store for their area. The vendor will be specified on the front of the purchase order. Each designated grocery store has a list of employees authorized to make charge purchases on CDS’s account. Purchases charged to this account using the “open” purchase order are to be used exclusively for the applicable 24-hour residential facility. Signed receipts should be forwarded to the fiscal department on a daily basis.

# Emergency Purchase Orders or Use of a CDS Credit Card

Any situation and/or condition that could negatively impact the health and/or physical well-being of participants and/or staff will be considered an “Emergency” and meets the criteria for the issuance of an immediate purchase order or use of a CDS Credit Card (which can be obtained from the Fiscal Department, Chief Executive Officer or Chief Operations Officer) as outlined below:

# During Routine Administrative Working Hours: (Monday – Friday, 8:00 AM – 4:30 PM)

The request should be called in to the fiscal department. The fiscal department will arrange for the approval of the Chief Executive Officer and/or Chief Operations Officer and the Comptroller. If both the Chief Executive Officer and Chief Operations Officer are unavailable, the Comptroller has the authority to approve the purchase order. Upon approval, the purchase order will be processed immediately.

# Outside of Routine Administrative Working Hours:

Under these circumstances, the person in charge is empowered to procure needed goods or services. He or she must notify the Regional Director/Residential Supervisor within twelve hours. The next business day staff must submit a purchase order requisition (signed by the Residential Director/Residential Supervisor) along with the invoice and/or work order and/or receipt for said service and/or goods to the fiscal department. Along with the purchase order requisition staff should also submit a brief statement as to the nature and reason for the goods and/or services purchased. The Comptroller will review and sign the purchase order requisition and obtain the signature of the Chief Executive Officer and/or Chief Operations Officer after which a purchase order will be prepared and signed by the Comptroller.

Purchase order requisitions submitted outside the boundaries of “Routine” but not meeting the definition of “Emergency” should be brought to the attention of the Fiscal Department who will forward it to the Chief Executive Officer and/or Chief Operations Officer for approval. Upon approval of Chief Executive Officer and/or Chief Operations Officer, the purchase order requisition will be processed and appropriately distributed.

# In General

All purchase order requisitions must be filled out completely and signed by the appropriate staff in order to be processed.

A pre-numbered Purchase Order is assigned to the requisition signed by the Comptroller, then emailed back to the supervisor for use. The original file is kept until payment is processed then filed for records.

A receipt and/or invoice must be given to the fiscal department as proof of receipt of goods for all purchases and to process for payment. Staff should indicate actual receipt of goods by initialing or signing and dating the receipt/invoice and noting the purchase order number

The employee who places the order is responsible for ensuring the correct merchandise is received. Any discrepancies between the original order and goods received should be reported to the Fiscal Department as soon as possible.

All invoices are paid within 30 days of receipt, unless in dispute.

For more information see:

P-1253 Expenses and Accounts Payable for Program and Support Services